



United States Senate

Committee on Homeland Security and Governmental Affairs

Chairman Joseph I. Lieberman, ID-Conn.

Opening Statement of Chairman Joseph Lieberman

“The American Recovery and Reinvestment Act: Making the Economic Stimulus Work for Connecticut.”

April 9, 2009

Washington, DC

This hearing of the United States Senate Committee on Homeland Security and Governmental Affairs will now come to order. Let me thank all of you for being here. In the custom of the U.S. Senate, I want to apologize to all of you out there on behalf of the witnesses that their backs are turned to you, but such is our custom.

Let me also quickly but quite sincerely, thank Eric Bernstein, principal of the Hartford Academy of the Arts for hosting this field hearing and Jim Keller, managing director of the Theatre of the Performing Arts for handling the logistical arrangements. And let me give a particular welcome to the students and teachers of the Greater Hartford Academy of the Arts and the Greater Hartford Academy of Math and Science.

Let me also welcome everyone else who has come, including some in state and local service who are here to join with us in what is a continuing series of hearings that our committee is holding. The first two occurred in Washington at the Capitol, this is the third one, a field hearing here and the basic goal we have is to monitor how the billions of taxpayer dollars that the President requested and Congress approved for the so-called stimulus program are being spent.

I thought because the students are here, I would take just a moment to do some history and explain why we're here and what this committee is about. Maybe I'll start with a personal story. Shortly after I was elected to the Senate in 1988, later that year I was down in Washington for some orientation meetings for the new senators and I was at a reception and John Glenn, who was then the senator from Ohio—and of course world-famous for being an astronaut, I'd known him a little bit before I was elected—he came over to me and he said, “Joe, I'm going to try to return a favor to you that was once done to me.”

He said, “Just after I was elected, I was at a reception somewhat like this and the then-Senator from Connecticut, Abraham A. Ribicoff”—probably the students don't remember him, which should inspire some humility in people like me, but others will, a former governor and senator from Connecticut—he said, “Ribicoff came over to me and he said ‘John, you're going to have the opportunity to select what committees to be on. A lot of times people don't think about the Governmental Affairs Committee, but it's an extraordinary committee. It has the responsibility, among other things, to oversee the expenditure of federal money and to monitor what every department of the federal government is doing as it is able to do that and sometimes to hold investigations, which over the history of the committee it has done.’” It goes back to Senator Harry S Truman, when he investigated during the Second World War, the spending of money during wartime. There were other hearings held by the committee. Probably the most famous, when I was a kid, the Senator from Tennessee, Estes Kefauver, into organized crime and it goes on and on.

He said, “Why don't you put your name down for it? I don't think there's much interest.” So I did and Glenn by that time had become Chairman of the Committee. And he said, “I always looks back and I'm grateful to Abe Ribicoff for giving me that suggestion.” So I did put it down. It wasn't my first choice, my first choice was the environment committee, which I was lucky enough to get on, but there wasn't much interest in this committee and so I also got put on it.

The students have probably heard about the seniority rule in the Senate. This is the rule that basically says that you get the opportunity to go up in almost all cases based on how long you've been there. Actually, I remember that at the orientation session we had when we first arrived, there was a senator named Wendell Ford

from Kentucky who'd been a senator for a long time, he came in and said to the ten or eleven of us who were new senators, "You know, a lot of the things that you're going to find around here, you're not going to understand or are actually going to annoy you." He said, "That's the way I felt about the seniority rule when I got here, but you know, the longer I've been here, the more sense it makes."

You never know how your seniority is going to play out because you never know what's going to happen to the people ahead of you in seniority on the committee. I've been very fortunate to become the chairman of this committee.

In 2002-2003, this committee generated the legislation that created the Department of Homeland Security. And when it came time to decide which committee would oversee this new department, they asked us to do that, in part because our committee has had a real reputation for bipartisan work. And I've had the privilege to work with two Republican chairs or ranking Republicans when Democrats have been in the majority, Fred Thompson, who left me to go back to "Law and Order" and Susan Collins from Maine. So the Committee is now known as the Senate Committee on Homeland Security and Governmental Affairs, but it's in the second capacity—governmental affairs—which is the oversight on how federal programs are operating and how federal money is being spent, that I'm privileged to conduct this hearing today.

In a way, I want to use our state as a microcosm of the challenges facing all of our state and local governments as we try to get federal stimulus money moving through our economy, protecting and creating jobs and making investments in our future. I'm not going to spend much time talking about the economic problems that brought forth the stimulus because we live with them; this is an unprecedented economic experience. Last year, American households lost \$11 trillion dollars in value—assets, wealth from the loss of value in our homes and the loss of value in our stock markets in the loss of investments and savings that we have had.

In the state of Connecticut, since the recession began in December '07, January '08, we have lost somewhere between over 50,000 jobs. We had the worst month of job loss in Connecticut in over 15 years in February, when we lost over 15,000 jobs. It is that set of facts that led President Obama and his administration as they came in to reach out to Congress and to propose what we call the federal stimulus package; the formal name of it is the *American Recovery and Reinvestment Act*. It is the largest federal appropriation of its kind in American history. And its occasion, it comes about because the economic situation we're in is unprecedented, we've never had one like this.

This is not the Great Depression. Unemployment and the loss in the economy are nowhere near as great as it was then and there are the beginnings of some sort of hopefulness. The markets, which measure all this, had their best month in years in March. It was the beginning of economic activity, consumer spending went up a little bit. The newspapers today here in the state say the Connecticut Business Industry Association did a survey of small businesses in the state and found that they were finding it easier in the month of March to get loans from banks, which has been a real problem.

But state and local governments are hurting and will continue to hurt and until we begin to create jobs again and stop the bleeding off of jobs and people getting unemployed, we're not going to be anywhere near where we want to be. That's what the stimulus package, \$787 billion, authorized over two years, was. There was a real problem in our economy. Subprime mortgages, loss of housing values, trouble in the financial sector, banking and people couldn't borrow money, the beginning of unemployment—real problems.

Those real problems did two things. First, they created understandable anxiety, a lack of confidence in the American people about their futures economically, whether they were going to lose their jobs, or if they had lost wealth in the stock market or their housing values. And so people stopped spending. And spending drives about 70 percent of economic growth in our country. A lot of economists told President Obama, told members of Congress, that there was a trillion dollar gap between what the American people would normally spend, what businesses would invest, businesses would stop investing because they couldn't borrow the money, for that year and this year. And the only entity that could begin to spend and turn the economy around and increase people's

confidence, was and is the federal government. That's why the president made the recommendation, why we adopted it. I was privileged to be in the middle of the negotiations to not only form the bill, but to get the 60 votes we needed to get it out of the Senate and into a conference committee to pass and be signed by President Obama.

I believe the stimulus package has begun to put money out into the economy in a way that's working. But I think that's part of why confidence has gone up and why so many economic indicators have gone up. But there's a lot more that we've got to do and that's why we're really here this morning. And I will tell you that I think there were two goals the Administration had and that I think most members of Congress had for the stimulus. The first was to get money out into the economy to protect and create jobs. The second was to try and do it in a way that would make significant investments in the future for the American people. In other words, not only to stop the bleeding and build up the economy again, but to do it in a way that would be an investment in a better quality of life and sustained economic growth in three particular areas: education, health care and energy independence.

And the state of Connecticut, as I'm sure you've probably heard, under this program, in most cases distributing it through local governments, particularly the education money, will receive \$2.9 billion in funding. And I'm very glad we've been able to do that. This doesn't account for other programs that will be funded under this that people will apply for money for. Under the stimulus proposal, the payroll tax reductions that are beginning this month and will reduce the payroll tax for 1.4 million workers in Connecticut and their families; \$400 for a single worker and \$800 for a couple. Some people say that's not a lot of money. For a lot of people in our state right now that's a lot of money. It's going to enable them to maybe pay some bills off, maybe to buy some things that they need that they otherwise wouldn't be able to buy.

So today we are focusing on that \$2.9 billion that's coming to the state of Connecticut for spending and also for redistribution to other entities. And we're privileged to have with us a perfect group of witnesses, one representing the state, the others representing an education group, a health care group and a broader group that really speaks in particular for children, but for social services in our state. So let me go with that to introduction of our witnesses.